

**State of Washington
Decision Package**

Agency: 310 Department of Corrections
Decision Package Code/Title: 9M Medical Inflation

Budget Period: 2007-2009

Budget Level: M2 – Inflation and Other Rate Changes

Recommendation Summary Text:

The Department requests funding for inflationary increases to offender health care services/products at an average rate of 4.0 percent for the current biennium.

Agency Total

<u>Fiscal Detail</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$2,175,000	\$4,437,000	\$6,612,000

Staffing	<u>FY 2008</u>	<u>FY 2009</u>	<u>Annual Average</u>
FTEs	N/A	N/A	N/A

Program 200-Institutional Services

<u>Fiscal Detail</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$2,175,000	\$4,437,000	\$6,612,000

Staffing	<u>FY 2008</u>	<u>FY 2009</u>	<u>Annual Average</u>
FTEs	N/A	N/A	N/A

Package Description

The Department purchases health care services and supplies to render treatment to offenders. The Department's expenditures for these services and supplies have increased by approximately 14.4 percent from Fiscal Year 2003 to Fiscal Year 2005. The average daily population, for the same time period, has increased 6.7 percent. The Department receives funding for health services through forecast adjustments but it does not cover this level of increased costs.

The cost of these goods and services, contract providers, and prescription medication are expected to increase beyond the funding in the Department's base level for the 2007-2009 Biennium Operating Budget. The Department utilized an inflation rate of 4.0 percent based on the Consumer Price Index rates for medical care, as provided by the United States Department of Labor, Bureau of Labor Statistics (BLS).

Narrative Justification and Impact Statement

How contributes to strategic plan:

This request is critical to agency activities, the strategic plan, and statewide results. The request ensures that the Department has the necessary resources to maintain current levels of service and performance.

This request is required to sustain the agency activities *Confine Convicted Adults in State Prisons, Health Care Services for Adults in State Prison, and Reentry Services for Adult Offenders*. The resources identified will be directed to support the agency objective to protect offenders, staff, and community. The strategy use results from validated assessment tools to target programs to address offender risks and deficits. These objectives and strategies move the Department closer to meeting its high-level organizational goals of maintaining safe work environments for staff. These high-level goals are intermediate outcomes and assist the Department in achieve statewide results that will reduce re-offense behavior and improve the safety of people and property.

Performance Measure Detail

No measures were submitted for this package.

Reason for change:

This request does not add new services, functions, or activities. The funds requested are necessary to manage the projected inflation in health care cost.

Impact on clients and services:

The Department will be able to maintain the current level of service to offenders.

Impact on other state programs:

N/A

Relationship to capital budget:

N/A

Required changes to existing RCW, WAC, contract, or plan:

N/A

Alternatives explored by agency:

N/A

Budget impacts in future biennia:

Funding would be required in future biennia in order to maintain the current level of health care services.

Distinction between one-time and ongoing costs:

The inflation costs would be ongoing.

Effects of non-funding:

Not funding health care inflation will restrict the Department's ability to meet federal and state constitutional standards to provide medically necessary care.

Expenditure Calculations and Assumptions:

The Department requests a \$6,612,000 increase in funding to maintain the current level of health care services provided to offenders. An inflation rate of 4.0 percent for both Fiscal Years is being utilized to calculate the additional funding requested.

<u>Object Detail</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
E Goods and Services	\$592,000	\$1,207,000	\$1,799,000
N Grant, Benefits, and Client Services	\$1,583,000	\$3,230,000	\$4,813,000
Total Objects	\$2,175,000	\$4,437,000	\$6,612,000